

# Cathay Pacific Airways Limited – Abridged Financial Statements

To provide shareholders with information on the results and financial position of the group's significant listed associated company, Cathay Pacific Airways Limited, the following is a summary of its audited consolidated profit and loss account for the year ended 31st December 2004 and consolidated balance sheet as at 31st December 2004.

## CATHAY PACIFIC AIRWAYS LIMITED

### Consolidated Profit and Loss Account

for the year ended 31st December 2004

	2004 HK\$M	2003 HK\$M
Turnover	39,065	29,578
Operating expenses	(33,818)	(27,353)
Operating profit	5,247	2,225
Finance charges	(1,628)	(1,807)
Finance income	1,045	1,187
Net finance charges	(583)	(620)
Share of profits of associated companies	356	151
Profit before taxation	5,020	1,756
Taxation	504	409
Profit after taxation	4,516	1,347
Minority interests	99	44
Profit attributable to shareholders	4,417	1,303
Dividends		
Interim – paid	674	100
Final – proposed	1,517	572
Special – paid	–	943
	2,191	1,615
	HK¢	HK¢
Basic earnings per share	131.4	39.0
Diluted earnings per share (Note 1)	130.7	38.8

#### Notes:

1. Cathay Pacific Airways adopted a share option scheme on 10th March 1999 whereby certain flight deck crew of the Cathay Pacific group were granted options to subscribe for a total of 68,327,000 shares at a price of HK\$7.47 per share. During the year, 26,700,300 shares were subscribed for through the exercise of such share options. Diluted earnings per share are calculated to adjust for the effects of the remaining share options not yet exercised.
2. The Cathay Pacific group has restated goodwill previously written off against reserves retrospectively in accordance with HK SSAP 30 in 2000. Since the Swire Pacific group has adopted the transitional provisions in HK SSAP 30 whereby all goodwill arising before 1st January 2001 was not restated, adjustments have been made in the accounts of Swire Pacific to increase the share of profit and to reduce the share of net assets of the associated company by HK\$5 million and HK\$46 million (2003: HK\$5 million and HK\$50 million) respectively, being the difference in the treatment of goodwill.

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## CATHAY PACIFIC AIRWAYS LIMITED

### Consolidated Balance Sheet

At 31st December 2004

	2004 HK\$M	2003 HK\$M
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Fixed assets	51,808	51,357
Intangible assets	348	405
Investments in associated companies	1,743	1,661
Other long-term receivables and investments	4,076	1,263
	<b>57,975</b>	<b>54,686</b>
<b>Current assets</b>		
Stock	524	398
Trade and other receivables	5,311	4,753
Liquid funds	11,474	15,200
	<b>17,309</b>	<b>20,351</b>
<b>Current liabilities</b>		
Current portion of long-term liabilities	7,096	6,754
Related pledged security deposits	(2,127)	(1,875)
Net current portion of long-term liabilities	4,969	4,879
Trade and other payables	7,163	5,543
Unearned transportation revenues	3,622	2,839
Taxation	1,497	1,259
	<b>17,251</b>	<b>14,520</b>
<b>Net current assets</b>	<b>58</b>	<b>5,831</b>
<b>Total assets less current liabilities</b>	<b>58,033</b>	<b>60,517</b>
<b>Non-current liabilities</b>		
Long-term liabilities	27,698	33,022
Related pledged security deposits	(10,036)	(11,604)
Net long-term liabilities	17,662	21,418
Retirement benefit obligations	102	181
Deferred taxation	7,280	7,762
	<b>25,044</b>	<b>29,361</b>
<b>Minority interests</b>	<b>134</b>	<b>104</b>
<b>NET ASSETS</b>	<b>32,855</b>	<b>31,052</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	674	669
Reserves	32,181	30,383
<b>SHAREHOLDERS' FUNDS</b>	<b>32,855</b>	<b>31,052</b>

### Contingencies

- (a) Cathay Pacific Airways has under certain circumstances undertaken to maintain specified rates of return within the Cathay Pacific group's leasing arrangements. The Directors of Cathay Pacific Airways do not consider that an estimate of the potential financial effect of these contingencies can practically be made.
- (b) At 31st December 2004, contingent liabilities existed in respect of guarantees given by the Cathay Pacific group on behalf of associated companies and staff relating to bank loans and other liabilities of up to HK\$435 million (2003: HK\$439 million).
- (c) Cathay Pacific Airways files tax returns in many jurisdictions and in certain of these the returns have remained in dispute for a number of years. Provisions have been made to cover the expected outcome of the disputes to the extent that outcomes are likely and reliable estimates can be made. However, the final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.